

**ROUNDY'S SUPERMARKETS, INC.**  
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**2008 Green Tier Annual Report**

Roundy's Oconomowoc Distribution Center, Oconomowoc, Wisconsin

March 2009



## **2008 Green Tier Annual Report**

Roundy's Oconomowoc  
Distribution Center

### **1. Executive Summary**

Roundy's Supermarkets, Inc. is pleased to provide our second Annual Report under Green Tier. This report covers the activities and accomplishments related to the Roundy's Oconomowoc Distribution Center, a Green Tier participant since December 22, 2006.

### **2. Business Overview**

Headquartered in Milwaukee, Wisconsin, Roundy's Supermarkets, Inc. is one of the Midwest's oldest and largest grocers. The company owns and operates 151 retail grocery stores in Wisconsin and Minnesota under the Pick 'n Save, Copps Food Center, Rainbow Foods and Metro Market banners.

The Roundy's private label brand encompasses more than 4,000 items and is enhanced by the food processing plant in Kenosha, Wisconsin. In addition, Roundy's operates three distribution centers, all in Wisconsin, including the 1.1 million square foot Oconomowoc Distribution facility opened in April, 2005.

Roundy's Supermarkets, Inc. has nearly \$4 billion in sales and 21,000 employees. Roundy's Supermarkets, Inc. is the third largest private company in the Milwaukee area, according to the Milwaukee Business Journal's book of Lists. Roundy's Supermarkets Inc. is ranked #1 on the list of the 50 fastest growing retailers from 1999 to 2004 in Deloitte's 2006 Global Powers of Retail Catalog.

The company has always strived to be a good neighbor, a positive influence on our community and to be a good environmental steward. We continue to show our commitment with participation as a Green Tier participant.

As a company, Roundy's is proud to be part of the effort to save energy, and minimize waste. We have saved over 1,900,000 kWh from maintaining our existing energy efficient systems, and piloting new programs. New programs piloted and those that we continue to evaluate are summarized in Section 4.4. Since 2007, the total amount of cardboard, plastic, and metal recycled totals more than 96,000 pounds or 48 tons. This information is further discussed in Section 4.2.

## **Environmental Management System Status**

The Roundy's Oconomowoc Distribution Center environmental team developed and implemented its Environmental Management System (EMS) in 2007. The distribution center continues to work on two selected objectives and targets specifically incorporated into its EMS to improve environmental performance:

- Further waste reduction to landfill based on 2007 volumes
- Continued evaluation of fuel economy and emissions reduction technologies through vendor evaluation

The results of both objectives and targets are presented in the following section.

Internal audits were conducted in accordance with the schedule and were completed by the trained internal auditor resources from within the Oconomowoc Distribution Center. The company added one additional internal auditor in 2008. Results of the internal audits were documented in the Corrective and Preventive Action system and reported on at Management Review. Internal audit findings identified were reviewed for the root cause and the effectiveness of the proposed corrective action.

The results of internal audits, management review indicate that the system continues to be suitable, adequate, and effective.

## **3. 2008 Agreement Environmental Performance Demonstration**

WDNR requested that Roundy's also provide information in this report on the items included in the WDNR December 22, 2006 Green Tier Acceptance Letter for Tier 1 (copy attached). This information is presented in the following section.

### **3.1. Minimize Energy Use**

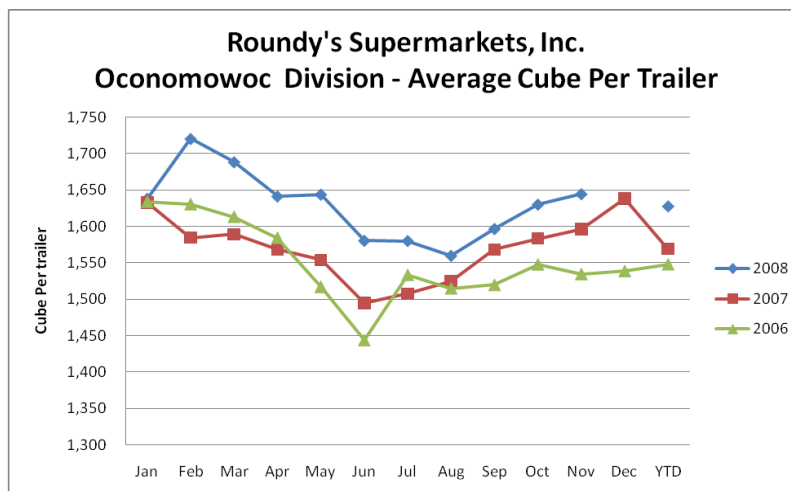
Energy conservation measures are maintained to provide optimal operating conditions and maximize energy conservation.

Roundy's initiated a project to reduce overall miles traveled by the Roundy's fleet. The goal of this project is to maximize the use of space within each trailer trip so that each trailer carries the most cargo possible, thereby potentially reducing the total number of overall fleet trips.

## 2008 Green Tier Annual Report

Roundy's Oconomowoc  
Distribution Center

A trailer has 1,750 cubic inches available for product. In 2007 the year to date average cube per trailer was 1,569 cubic inches filled. In 2008, the Distribution Center began using cube limit software to maximize capacity on every trailer. The distribution center realized a 3.75% utilization increase use over the 2007 average with a year-to-date average in 2008 of 1,627 cubes per trailer.



### 3.2. Waste Minimization

The facility continues to work towards greater waste minimization through increased recycling of cardboard and plastic. In 2008 the facility continued to improve segregation and expand recycling efforts to throughout the entire Oconomowoc Distribution Center. The facility also began an initial effort to capture scrap metal and will continue to expand in 2009 and report on performance.

Results from the effort are presented in the graphs below. Each graph presents the pounds of plastic and cardboard recycled by Fiscal Reporting (FY) period.

## 2008 Green Tier Annual Report

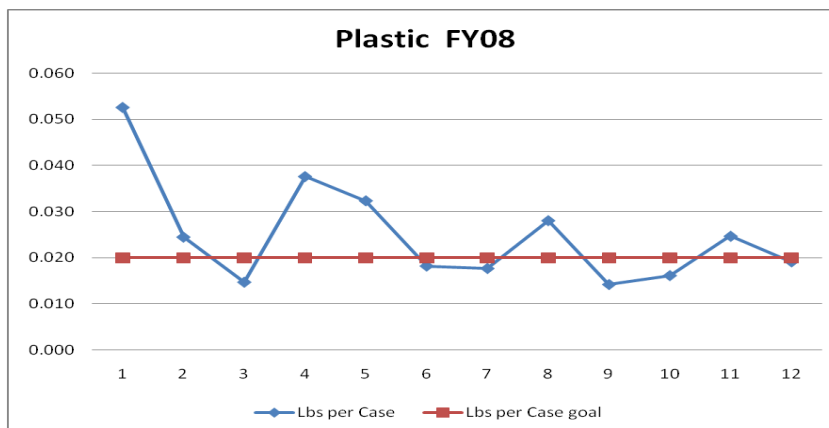
Roundy's Oconomowoc Distribution Center

### 3.2.1. 2008 Plastic Recycling

Plastic is widely used at the Oconomowoc Distribution Center to wrap pallets and cases prior to shipment to stores. Product received from suppliers is often plastic wrapped and plastic is removed to break apart the delivery and stage it for smaller shipments. In addition, the Distribution Center has smaller volumes of plastic that consist of bags, or bubble wrap.

The FY 2008 plastic recycling goal was 0.020 lbs of plastic per case. In 2008, the facility sustained 0.024 lbs of plastic per case or a 22% improvement in plastic recycled over the goal. A total of 1,588,390 lbs of plastic was recycled for 2008 (12 periods from January-December), which exceeded the goal by 286,304 lbs. The plant provided additional locations for recyclable collection, tracked conformance through and increase of floor audits, and maintained awareness through continued training for existing and new employees. Roundy's believes that the increased capture of plastic at the facility is associated with increased awareness through employee training, increased opportunities for plastic recycling, increased number of designated bins, and diligence in supervisor monitoring and adherence to the recycling program.

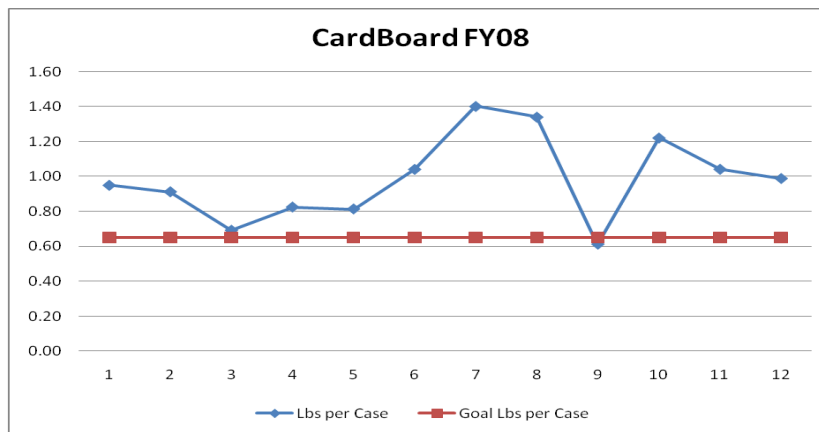
### 2008 Plastic Recycling Tracking



### 3.2.2. 2008 Cardboard Recycling

The FY 2008 cardboard recycling goal was set at 0.65 lbs per case. The plant achieved 0.97 lbs per case, a 50% improvement over the goal, and is working to sustain this level. A total of 63,434,679 lbs of cardboard was recycled in 2008, which exceeded the goal by 21,116,892 lbs.

#### 2008 Cardboard Recycling Tracking



The graphs present recycling results by fiscal period, and although there are 12 periods, the days in each period can vary based on the number of weeks considered to be part of that period. The recycling volumes vary between for the 12 reporting periods because the number of weeks in each period varied between the two years. This includes packaging recyclables that are collected from the retail stores.

### 3.2.3. Evaluate Vendor Technologies

The WDNR December 22, 2006 Green Tier Acceptance Letter also contains Roundy's agreement to evaluate whether certain technological and operational equipment processes and/or devices present an actual benefit to reducing mobile emissions and improved fuel economy. Throughout 2008, key employees at the Distribution Center evaluated five vendors of technologies consisting of diesel fuel additives, fuel performance catalysts, technologies to improve fuel economy.

The facility has advanced the evaluation process on three products and is engaged in a variety of activities from further product or technology consultation to piloting it and tracking performance. The products range in type and function, and the results thus far

seem promising. One product evaluated is a ceramic coating engine treatment. Progress reported shows promising results and will be evaluated throughout 2009. Roundy's will continue to evaluate this as well as the other products to improve fuel economy and reduce emissions.

As noted in its December 22, 2006 Acceptance letter, Roundy's previously retrofitted a significant number of its fleet with Diesel Oxidation Catalysts (DOC). The remaining 2003 model year trucks still contain the DOCs.

#### **3.2.4. 2009 Objectives and Targets**

The facility will continue to focus on waste minimization through cardboard and plastic reduction. Scrap metal and glass collection recycling was initiated in 2008 and has already shown favorable results. Initially one dumpster was dedicated to this program and an occasional pickup was scheduled. Employees readily grasped the recycling initiative and weekly pickups are now scheduled. Tracking the progress of this program will be considered for 2009.

As discussed further in the document, in 2009 the facility will continue to promote the employee suggestion program, other stakeholder involvement, and the car pool program. The facility will continue to track carpool usage in 2009

### **3.3. Packaging**

Roundy's Supermarkets Inc., maintains relationships with all of our suppliers of perishable and non-perishable goods. Roundy's continues to influence packaging decisions to minimize cardboard and plastic at the local level through the trailer recube software discussed in Section 4.1 of this report.

We continue where feasible to reuse select sturdy product containers for packing and shipping to and from the distribution center. The facility continues to convert to plastic pallets that can be indefinitely reused for all of the shipping that occurs on Roundy's fleet. Plastic flip sheets that are used as a stable base when stacking certain products on a pallet are replacing traditional cardboard sheets and, thus, further reducing cardboard usage.

### **3.4. Stakeholder Education**

Our Green Tier agreement and energy program at the Oconomowoc Distribution Center has resulted in energy conscious programs for new projects at existing stores and for new construction. We continue to promote ideas and conversation on energy conservation and waste minimization not just at the Oconomowoc Distribution Facility, but with our stores and corporate headquarters building.

One example of Roundy's continuing efforts to promote energy conservation involves a 2008 store pilot project involving an energy management system to monitor lighting, control HVAC, refrigeration, generators, fan hoods, and the sub-meters that control electric, gas, and water. The results of this pilot project documented at least a 130,000 kWh savings in energy consumption. In 2009, Roundy's will evaluate the potential to use the lessons learned from this program in our new construction and existing store renovations. Other energy efficient initiatives that are being evaluated include:

- Electric design change to install smart breakers (better controls and monitors electric usage.
- Install occupancy sensors throughout the various retail stores
- Solar electric
- Skylight along with day lighting controls
- Potential to use LED lighting for parking lots

We continue to utilize the Employee Environmental Continual Improvement suggestion program implemented in mid-2007 to record and respond to suggestions and comments from employees. Employees consistently provide suggestions and feedback to management through the suggestion box. All suggestions and feedback are logged onto the Environmental Continual Action Database. Once logged, each idea, concern, or question is evaluated at Management Review meetings for implementation or response.

Our Distribution Center has the opportunity to make contact with hundreds of drivers daily as they deliver goods to the Distribution Center. Each driver receives the No Idle Policy and information about the Environmental Policy. Roundy's No Idle policy is discussed in Section 4.2 of this report.



## **2008 Green Tier Annual Report**

Roundy's Oconomowoc  
Distribution Center

Information about Green Tier and the Distribution Center EMS is publicly available at <http://www.roundys.com/modules/content/index.php?id=53>. At this link we plan to add our environmental improvements and other relevant environmental information.

In March 2008, the Distribution Center staff presented at the Federation of Environmental Technologists "Environment 08" conference in Milwaukee, Wisconsin. The presentation addressed the Distribution Center's EMS implementation and agreement with the WDNR on Green Tier. This included data concerning the environmental objectives and targets and the other environmental initiatives that were in progress at the Distribution Center.

Additionally, the Distribution Center staff have hosted and participated in the Oconomowoc Chamber of Commerce meetings. Roundy's hosted the meeting on July 31, 2008 for participants from the Chamber of Commerce. The Distribution Center Vice President conducted a tour focusing on the environmental initiatives and progress.

### **3.5. Additional Recycled Materials**

The Roundy's Foundation proudly supports non-profit organizations that contribute to creating strong families and communities. The Foundation's goals are to enhance the quality of life in the communities in which we live and do business by focusing giving in three areas that include hunger relief, families in crisis( as related to the intervention and prevention of neglect and abuse), and literacy.

Roundy's continues its commitment to hunger relief and waste minimization through routine donations to Second Harvest in Milwaukee. Donations from the distribution center are packaged and delivered directly to Second Harvest and potentially reduce waste from the distribution of products that would potentially perish, or expire. Roundy's is committed to giving back to the communities in which we have a presence. Strong families are the lifeblood of communities and Roundy's is dedicated to helping through our support of organizations dedicated to hunger relief.

The facility continues to deice parking lots with sand instead of utilizing salt. Use of sand benefits water quality; however it requires more effort from the Distribution Center as it must periodically sweep parking lots and the tractor yard during winter thaws and reapply new material during deteriorating weather conditions. The facility continues to use a contractor to periodically remove used sand mixed with snow back to the contractor's operation where the sand is filtered and washed for reuse. In 2008, this

practice resulted in approximately 660 tons of used sand being reclaimed. Used sand is reclaimed and used again on the distribution center parking areas.

#### **4. Annual Report Environmental Performance**

WDNR requested information from the Roundy's Supermarkets Inc., Distribution Center on certain environmental elements as part of its annual report. Applicable information is either presented below or we provide a pointer to where it is placed in other sections of this report.

##### **4.1. Energy and Climate Change**

As described in Section 4.1, the Oconomowoc Distribution Center was constructed with numerous energy conservation measures. The following list summarizes the features energy efficient measures that are maintained into the building:

- Installation of 2,913 two-stage lighting fixtures throughout the complex
- 400-watt bulbs with a motion detector; if no motion is detected, the output drops to 200 watts
- Designed to maximize the use of natural lighting and reduce the demand for artificial lighting along the west side of the building
- Sufficient insulation to cool the non-freezer portion of the warehouse during the normal summer season

##### **4.2. Transportation**

Roundy's voluntarily retrofitted approximately one-quarter its Class 8 truck fleet with diesel oxidation catalysts (DOC). Roundy's installed Fleetguard DOCs as direct replacements to the existing exhaust system on approximately one-quarter of its 2001-2003 model year tractors. According to the DOC manufacturer, typical road-tested emission reductions from the use of this equipment are estimated at a greater than or equal to; (1) 25 percent reduction in particulate matter; (2) 70 percent reduction in carbon monoxide; and (3) 70 percent reduction in hydrocarbons (including toxic hydrocarbons).

## 2008 Green Tier Annual Report

Roundy's Oconomowoc  
Distribution Center

In 2008 Roundy's continued to maintain its fleet through purchase of 9 tractors and retired 9 tractors. A total of 7 2003 model year tractors with the DOC installed are still used as over the road tractors.

In addition to retrofitting significant portions of the Company's fleet, the Company prohibits all tractor-trailer trucks from idling in its tractor yard when temperatures are above 10 degrees Fahrenheit, and prohibits its own fleet from idling at all times. Idling is only allowed for tractor-trailer trucks when temperatures are below 10 degrees Fahrenheit, and only to the extent needed to avoid diesel fuel gelling and engine start-up difficulties. A copy of its Yard Rules containing its idling policy is provided in writing to third-party vendors that deliver to the facility.

Roundy's provided fleet information to the WDNR who calculated emissions and emissions reductions. The output was provided to Roundy's and a summary of the results are presented below. A copy of the WDNR spreadsheet calculations is attached. The results show the emissions and fuel savings that have resulted from the DOCs and installation and operation of other features.

### 2008 Results Summary <sup>1</sup>

Pollutant	Emission Savings in Tons				
	VOC	CO	NOx	CO2	PM 2.5
2008 Totals	.12	1.94	13.40	1,418	.22

Going forward, the distribution center will continue to restrict idling and implement its anti-idling program through a combination of measures. These include training Roundy's fleet drivers on requirements and a two tiered inspection program. Audits for compliance with the idling policy are included in the distribution center internal audits that are conducted throughout the year. Transportation management staff conducts periodic, unannounced yard walks to confirm compliance with the policy. Finally, transportation management routinely responds to complaints regarding drivers who are not observing the idling restrictions. In 2008, the distribution center notified at least one supplier that one of its drivers was no longer permitted to enter the facility due to this driver's failure to comply with the facility's Yard Rules.

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<sup>1</sup> 2008 usage data. Data is represented for 10 months (March – December, 2008)

## 2008 Green Tier Annual Report

Roundy's Oconomowoc  
Distribution Center

In 2007, the distribution center established a car pool program. At the program onset, the distribution center issued five car pool permits. The permit allows the designated carpool driver to park in a preferred parking spot that is nearest to an employee building entrance. This is a real perk for employees. Over the course of just a few months the carpool program expanded to 15 permits by the close of 2007. The program is very active and in 2008 a total of 51 parking permits were issued. The total number of employees participating nearly doubled to 131 employees. This is approximately 20 percent of the workforce. Estimated emission savings from WDNR calculations (March 2009) include:

Pollutant	CO <sub>2</sub> Saved (in tons)	HC Saved (in pounds)	CO Saved (in pounds)	NO <sub>x</sub> Saved (in pounds)	PM Saved (in pounds)
Emissions Savings	34.43	91.9	1,977	117	1.77

Notes:

1. Based on 20.6 roundtrip travel and 262 business day travel in 2008

### 4.3. Supply Chain

The distribution facility works with its customers to package efficiently and effectively. Our primary goal is to deliver the perishable and non-perishable goods in prime condition ready to be stocked in retail stores. We continue to communicate with our customers and vendors on the value of reusable pallets, and plastic flip sheets and routinely use these for shipments on Roundy's fleet.

While we cannot directly influence how manufacturers package their product for distribution, we must contend with the result from improper packaging from broken containers and boxes. We routinely communicate our experiences with our customers and salvage retail ready products from these deliveries.

### 4.4. Stakeholder Involvement

As described in Section 4.4 Roundy's has engaged in internal and external stakeholder coordination. Our involvement with employees, suppliers, customers is documented through:

- Employee Suggestion Program
- Employee Training and Awareness

- Coordination with External Stakeholders, Drivers, Suppliers, and Vendors
- Participation in the Community through organizations such as the Chamber of Commerce and providing information to the Federation of Environmental Technologists.

## **5. Applicable Environmental Indicators**

The following section presents information related to the applicable environmental indicators.

### **5.1. Water**

- 5.1.1. Facility Water Use: According to the City of Oconomowoc, the facility withdrew 11,244,000 gallons of water for potable and non potable uses. This includes water for drinking, sanitary purposes (janitorial, showers, restrooms) non contact cooling water for cooling towers, truck wash, and for other ancillary activities.

### **5.2. Air Emissions**

- 5.2.1. The facility operates under an indirect air permit for emissions from mobile sources. Compliance with the permit requires limiting idling of trucks as detailed in Section 4.2 of this report.

See Section 5.2 for the respective emission reductions from improvements to the Roundy's fleet and from the no-idle policy.

### **5.3. Waste**

- 5.3.1. Solid Waste Shipments The facility shipped off approximately 600 tons of solid waste in 2008.
- 5.3.2.** Total percentage of waste recycled: In 2008, the facility recycled 33,511.5 tons of cardboard and plastic.
- 5.3.3.** As indicated in section 4.5, in 2008 the facility reclaimed approximately 660 tons of sand from parking lot and tractor yard

deicing. All of this former waste was formerly disposed of in landfills, but now can be reclaimed for continued reuse.

- 5.3.4. Hazardous waste volumes: The facility does not routinely generate or ship hazardous waste. In 2008, the facility did not generate or ship any hazardous waste.

#### **5.4. Energy**

- 5.4.1. Electricity: According to the City of Oconomowoc, the facility used 25,844 kilowatts of electricity. This includes electricity for lighting the interior and exterior portions of the facility.
- 5.4.2. Natural Gas: According to WE Energies, the facility used 183,892 therms for the meter read dates for 2008 reporting.

#### **5.5. Transportation**

- 5.5.1. Total Fuel Consumption: The 2008 Roundy's Oconomowoc Distribution Center on-road fleet consisted of 50 tractor trailer units. Total fuel usage attributed to all of these units for 2008 was 656,936 gallons of diesel (based on 10 months of data). Fuel usage average was 6.41 miles per gallon.
- 5.5.2. Amount/Percentage of Vehicles using Alternative Fuels: Roundy's tractor trailers continue to use traditional fuels. See 4.2.3 for additional details.

#### **5.6. Land Use**

The site has been converted from agricultural to industrial consistent with the surrounding land use. Being good neighbors has meant doing our part to make an attractive facility that blends in with the surrounding uses. We maintain the landscape that is composed of traditional lawn, cold-hardy trees, shrubs, and perennials that is not only attractive, but provides some wildlife habitat. We prohibit mowing on Ozone Action Days. To protect water quality the facility prohibits the use of salt on the employee parking, and truck yard areas. Instead we combat icy parking areas with sand. As parking areas thaw, the sand is collected and recycled.

## **6. Closing**

Roundy's Supermarkets Inc., is pleased to be a Tier 1 participant in Wisconsin's forward thinking Green Tier program. The program goals and objectives match those of our own thinking with regard to environmental stewardship and waste minimization. Our leadership and staff at the distribution center really worked smart and hard to implement a system that can be sustained. We look forward to the future.